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SIPDIS

DEPT FOR AF A/S FRAZER, S/E WILLIAMSON, AF/SPG
NSC FOR HUDSON AND PITTMAN

E.O. 12958: DECL: 09/11/2013
TAGS: [PREL](#) [PGOV](#) [ECON](#) [EFIN](#) [UN](#)
SUBJECT: SUDAN - NORWEGIAN IDEAS ON JOINT OIL-REVENUE
INITIATIVE

REF: A. STATE 95000
 [B.](#) KHARTOUM 1212
 [C.](#) KHARTOUM 1275

Classified By: CDA Alberto M. Fernandez for reasons 1.4 (b) and (d)

[¶1.](#) (U) This is an action request) see para 12.

[¶2.](#) (C) SUMMARY: According to Norwegian oil advisor Hannevik, the NCP already appears on board to participate in talks to separate sharing of Abyei oil revenues from the SPLM seems more ambivalent, but still interested. He envisions focusing discussions initially on dividing the revenues of Abyei oil, but expanding them to include other, key post-2011 issues if they prove successful. Hannevik suggested that initially the U.S. and Norway (possibly expanding to include other foreign partners later) engage the two sides to with the negotiations, to be completed sometime in the first quarter of 2009. END SUMMARY.

[¶3.](#) (C) In response to ref. A request, on September 8 econoffs met with Norwegian Embassy oil advisor Anders Hannevik to express U.S. interest in the proposed joint Norwegian-U.S. initiative aimed at developing an Abyei oil-revenue sharing agreement between the National Congress Party (NCP) and the Sudan Peoples Liberation Movement (SPLM) and to elicit Norwegian ideas on how best to proceed. Hannevik thanked emboffs for U.S. encouragement and said that GoN representatives have had preliminary discussions on the issue with representatives of both the NCP and SPLM in both the Oslo and Khartoum. According to Hannevik, the NCP expressed support and appears to be on board for negotiations. The SPLM also expressed interest, but seems more ambivalent. However, Hannevik noted that Foreign Minister Deng Alor, an SPLM member of the Government of National Unity, had encouraged the Norwegians to pursue the idea in a meeting the previous week.

Level of Engagement

[¶4.](#) (C) Hannevik asked at what level the United States is willing to commit to the talks, e.g., would S/E Williamson be willing to return to Sudan to assist? Econoff replied that he believed the Special Envoy would be willing to travel for a meeting in Sudan or somewhere else, but that he would have to consult with Washington to confirm that.

[¶5.](#) (C) Hannevik expects that the international community will need to assist the parties by providing them with technical support (e.g., attorneys and economists) required to work out an agreement.

International Participants

[¶6.](#) (C) Hannevik asked whether the U.S. and Norway should

engage other international partners in the process, specifically whether the UK should be invited to join. Econoff noted USG concern at an earlier UK proposal that would have expanded talks on oil-revenue sharing to include a possible debt-relief package for Sudan. Given Congressional restrictions, the U.S. would not be able to participate in such a discussion. Hannevik agreed that it would be best to start with only the U.S. and Norway working with the Sudanese, leaving open the possibility of including other partners as the talks progress. He suggested that while the U.S. is in a good position to bring pressure on both parties to reach an agreement, Norway is seen by the two sides as an honest broker who will be able to mediate between them.

Negotiations Timeline

¶7. (C) Hannevik envisions reaching an agreement in the early part of 2009, between January and April. He noted that it is essential to conclude negotiations before the Arbitration Panel in the Hague delivers a decision on Abyei's final boundaries and removes any incentive for the two sides to cut a separate understanding on revenue sharing.

¶8. (C) Hannevik noted that the Arbitration Panel is engaged in a two stage process:

1.) The Panel must decide whether the Abyei Boundary Commission (ABC) exceeded its mandate. If it did not, then ABC determination stands, and arbitration will stop there. If the panel determines that the ABC did exceed its mandate:

2.) The Panel will make its own determination of

where the boundary is. This will take longer.

He commented that we will need to prepare for the possibility that the Panel could stop at stage one, cutting the process shorter than is expected.

Content: Abyei and Beyond

¶9. (C) Hannevik believes that the negotiations should initially focus on achieving an agreement that will separate share oil revenues from Abyei-area production from whatever determination is ultimately made on the location of Abyei's boundaries. If those talks appear promising or are successful, the U.S. and Norway can explore with the parties on whether to expand discussions to include of other issues related to post-2011 Sudan, e.g., sharing oil revenues throughout Sudan.

¶10. (C) Hannevik noted that CPA provisions apply only until the 2011 referendum on Southern independence is carried out. There has been virtually no contingency planning so far on what will happen after that. He recalled that during their meeting in August (ref. B), S/E Williamson had remarked that if disputes over revenue sharing might lead to conflict even before 2011, if they are not resolved first. Econoff commented that the international community has focused on &making unity attractive8 and have shied away from considering what steps to take if unity fails, partly to avoid a self-fulfilling prophecy.

¶11. (C) Hannevik agreed, but said that the time has come for the parties and their international partners to start to identify key post-2011 issues and disentangle them while there is still time. Successfully resolving these issues ahead of time will make the referendum less threatening to both sides. By testing the commitment of both sides, discussions on the limited issue of A`yei-revenue shasIng could proyde a s0rkNgboerl to cud!Q zlCess,M
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q|at Abyei revenue-sharing talks provide an opportunity to test the commitment and ability of the NCP and

SPLM to engage in such discussions is a good one that should be pursued. But Abyei, as daunting as it has proved to be, is only one of a whole range of contentious issues that the two parties need to fully resolve before the 2011 referendum.

FERNANDEZ